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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 24, 2011

CERTIFIED RETURN RECEIPT

7009 3410 0001 4203 1713

Brad G. Boyter, President
Western Clay Company
620 East State, Highway 24
Aurora, Utah 84620

Subject: Review of Reclamation Surety, Western Clay Company, Last Chance Bentonite Mine, M/015/061, Emery County, Utah

Dear Mr. Boyter:

The last surety estimate for the Last Chance mine was done in 2006, and the bond amount was escalated to 2011 dollars. The surety amount needs to be adjusted periodically to account for changes in reclamation costs.

The current bond is for \$53,200.00. The bond amount will need to be adjusted. The Division now uses standard bonding sheets that can be downloaded from our web site at http://linux1.ogm.utah.gov/WebStuff/wwwroot/minerals/bonding_worksheets.html.

Please provide the updated bonding information by no later than July 18, 2011, or, by the same date, provide an additional \$2400.00 in surety as discussed below.

Senate Bill 282 which became effective May 10, 2011, defines a small mine as an operation ten acres or smaller in unincorporated areas or five acres or smaller in incorporated areas. The Last Chance mine is permitted for 10.2 acres of disturbance, but according to a GPS survey done by the Division in 2009, the disturbance was 9.44 acres. With an amendment to the plan, you could convert the mine to a small mine, and you would be eligible to use standard per-acre costs for the surety calculation. The amendment would simply change the permitted acreage from 10.2 to 10.0 acres. The per-acre costs are shown in the table below:

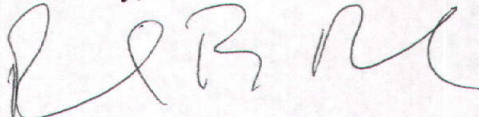
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Brad Boyter
M/015/0061
May 24, 2011

Small Mine Operation Bond Calculation Worksheet M/015/0061 5-year escalation (2016)			
Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$8,200.00	\$8,200.00
Add'l Acres Disturbance	9	\$4,900.00	\$44,100.00
Additional mobilization (larger than 5 acres)	1	\$3300.00	\$3300.00
TOTAL			\$55,600.00

You currently have a letter of credit established with Zions Bank. The additional surety may be provided in the form of an additional or amended letter of credit, or you may supply a surety bond, a certificate of deposit, or cash for either the additional or the entire amount. Please contact Penny Berry at 801-538-5291 or by e mail at bondcoordinator@utah.gov for additional information.

Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact me at 801-538-5261 or Wayne Western at 801-538-5263.

Sincerely,



Paul B. Baker
Mining Program Manager

PBB:whw:pb

cc: Chris Conrad BLM

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